

The Tourism Assessment Program was created under the **California Tourism Marketing Act** in 1995 with the passage of SB 256. The legislation authorized self-imposition of an assessment by businesses that benefit from travel and tourism. It also authorized the establishment of a non-profit, public benefit corporation, the California Travel and Tourism Commission (CTTC), to oversee the promotion of California as a premier travel destination.

In 2001, the Act was renewed by an 84 percent favorable vote and will subsequently be renewable by industry referendum every six years. The CTTC oversees the production of a variety of marketing activities, including advertising, visitor publications and cooperative programs – all designed to promote California to travelers, tourists and the travel trade.

As directed by statute, the California Division of Tourism administers the Tourism Assessment Program. The Division of Tourism functions under the California Business, Transportation and Housing Agency where the Agency's Secretary, Sunne Wright McPeak, serves as Chairperson of the CTTC.

The following are answers to frequently asked questions about the Tourism Assessment Program and the CTTC.

Is this a state taxation program?

No, the assessment is not a state tax. It is an industry self-assessment authorized by state law. The state does not have access to any assessment funds and decisions regarding expenditures come directly from the travel and tourism industry through the 37 CTTC Commissioners.

How does CTTC's budget work?

The CTTC and State of California have a partnership agreement to fund the marketing of California with a 60/40 match. In Fiscal Year 2005/2006 the state appropriated \$7.3 million to the CTTC and the industry contributed \$10.9 million for a total fiscal year budget of \$18.2 million. All the public funding was exclusively appropriated to advertising, marketing and promotion of California. The 2006/2007 California state budget again has appropriated \$7.3 million to the CTTC, and the anticipated assessment funds are \$9.5 million.

Who are the Commissioners of the CTTC?

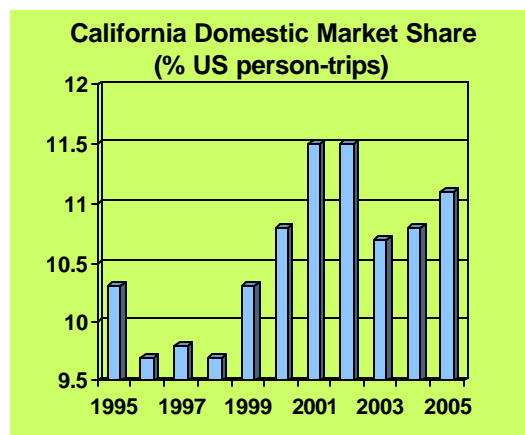
The Commissioners are travel and tourism industry leaders representing various regions and industry categories. They are elected by their peers or appointed to serve on behalf of the Governor. See back left side panel for a current list of commissioners.

What prompted the legislation that created the assessment?

The legislation was created because of a dramatic downturn in California's domestic travel market share in the early 1990s. California legislators introduced the bill at the request of tourism and travel related businesses that experienced a resulting loss of business from the declining market share.

How does my business benefit from the assessment?

The CTTC collectively does what other businesses cannot do individually. The travel industry stated a need to promote "the California destination" because no other organization promotes all of California. Without this program, California would be the only state in the nation without an aggressive marketing campaign.



Source: DK Shifflet & Assoc. Ltd., 2006

Since 1998 when the travel industry began funding the CTTC and its marketing programs, California's share of the domestic travel market grew from 9.7 to 11.1 percent. California tourism generates approximately \$88.1 billion each year in spending, employs nearly 912,000 Californians, and contributes \$5.3 billion annually in state and local taxes. Conversely, when funding was either eliminated or inconsistent during the late 1980s and early 1990s, California experienced a dramatic decline of domestic and international market share amongst competing states and destinations.

Source: Dean Runyon Associates Inc., 2006

How much money has the Assessment Program collected?

The eight year total is \$51.2 million.

1998 - 1999	\$5.4 million
1999 - 2000	\$5.4 million
2000 - 2001	\$6.3 million
2001 - 2002	\$6.7 million
2002 - 2003	\$6.4 million
2003 - 2004	\$6.9 million
2004 - 2005	\$6.8 million
2005 - 2006	\$7.3 million

Why did my business receive the Tourism Assessment Form?

The tourism assessment form is sent to businesses that are in areas and industry categories that typically benefit from tourism. The sources for the business names range from business lists, promotional publications, on-site identification surveys and internet listings. The sources are continually updated. Your business was identified on one of these lists in the past year and was added to our list of potentially assessable businesses. All potentially assessable businesses should receive a tourism assessment form.

Am I assessable if most of my receipts are from business travelers?

Yes, if you meet the income threshold (gross revenues exceeding \$1 million, with at least one percent coming from travel and tourist business). The assessment is computed on receipts derived from travel, which includes business travel. For a complete definition of a "visitor" or "travel and tourism" and other defining criteria, please see the Tourism Assessment Form instructions on www.visitcalifornia.com.

What type of documentation do I have to provide?

You do not need to provide documentation. You are only required to provide figures. However, retain your computation methodology for three years in case the Tourism Assessment Program has a question about your calculations.

I own and operate my business at several locations. Is a separate form necessary for each location?

Yes, you must file for each business location. You may use an Assessment Program spreadsheet if you prefer. Contact the Tourism Assessment Program office at (916) 322-1266 to request more information.

After completing the Tourism Assessment Form, I find that my business is exempt. Do I need to file a form next year too?

In any year that you receive the Tourism Assessment Form, you must complete and return it. Whether or not you receive future mailings is dependent in part on the reason(s) your business qualified for the exemption.

How can I get additional information about the Tourism Assessment Program?

Go to our Web site, www.visitcalifornia.com, or call the Tourism Assessment Program at (916) 322-1266.